

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4050
ANSWERED ON:05.09.2012
FOREIGN COMPANIES CLOSING DOWN BUSINESS
Meghe Shri Datta Raghobaji

Will the Minister of FINANCE be pleased to state:

- (a) whether foreign companies are closing down their business in India due to recession and uncertainty in Indian economy;
- (b) if so, the number of foreign companies which have closed down their business in India during the last three years; and
- (c) the action taken by the Government to assure foreign companies that they should not resort to such tendency?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) As per the 55th Annual Report on the working and administration of the Companies Act 1956 for the year ended March 2011, the number of foreign companies has increased from 2609 as on 31.3.2008 to 3127 as on 31.3 2011. There has been consistent increase in the number of foreign companies which have a place of business in the country.

(c) Government has initiated several steps in the recent past to ensure business friendly environment and to encourage foreign investment in India such as:

- i. Allowing foreign investment in Infrastructure Debt Funds (IDFs)
- ii. Allowing AD banks to allow pledge of shares acquired under the FDI scheme.
- iii. Allowing general permission for transfer of shares in the financial sector and where the pricing guidelines are not met but where the SEBI pricing guidelines are met.
- iv. The FII limit for investment in government securities and corporate bonds has been increased to US \$ 20 billion and 45 billion respectively.
- v. Lock-in period and residual maturity for the schemes relating to FII investment in infrastructure debt and non-resident investment in Infrastructure Development Funds (IDFs) were rationalized.
- vi. Qualified Foreign Investors (QFIs) were permitted to invest in non-infrastructure corporate bonds up to a limit of US\$ 1 billion.